



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 2002

H.R. 5428 **Water Resources Development Act of 2002**

*As ordered reported by the House Committee on Transportation and Infrastructure
on September 25, 2002*

SUMMARY

H.R. 5428 would authorize the Secretary of Army, acting through the Army Corps of Engineers, to conduct water resource studies and undertake specified projects and programs for flood control, inland navigation, shoreline protection, and environmental restoration. The bill would authorize the Secretary to conduct studies on water resources needs and feasibility studies for specified projects and convey ownership of certain federal properties. Finally, the bill would extend, terminate, or modify existing authorizations for certain water projects and would authorize new programs to develop water resources and protect the environment.

Assuming appropriation of the necessary amounts, including adjustments for increases in anticipated inflation, CBO estimates that implementing H.R. 5428 would cost about \$2.1 billion over the 2003-2007 period and an additional \$2 billion over the 10 years after 2007. (Some construction costs and operations and maintenance would continue or occur after those first 15 years.) In addition, CBO estimates that enacting H.R. 5428 would increase direct spending by \$17 million over the 2003-2007 period and by \$32 million over the 2003-2012 period.

H.R. 5428 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Federal participation in water resources projects and programs authorized by this bill would benefit state, local, and tribal governments, and any costs incurred by those governments to comply with the conditions of this federal assistance would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5428 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and the environment).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	736	536	403	356	319
Estimated Outlays	368	525	500	399	345
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	5	3	3	3	3
Estimated Outlays	5	3	3	3	3

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5428 will be enacted near the beginning of fiscal year 2003 and that all amounts authorized by the bill will be appropriated for each fiscal year.

Spending Subject to Appropriation

For projects specified in the bill, the Corps provided CBO with estimates of annual budget authority needed to meet design and construction schedules. CBO adjusted those estimates to reflect the impact of anticipated inflation during the time between project authorization and appropriation of construction costs. Estimated outlays are based on historical spending rates for past Corps projects.

H.R. 5428 would authorize new projects related to environmental restoration, shoreline protection, and navigation. Two of the larger projects that would be authorized by the bill include a project for hurricane and storm damage reduction in Louisiana with a federal cost of \$442 million and a replacement lock for the Chickamauga Lock and Dam in Tennessee with an estimated federal cost of \$267 million. In addition, this bill would modify many existing projects and programs by increasing the amounts authorized to be appropriated to construct or maintain them or by increasing the federal share of project costs.

Direct Spending

CBO estimates that enacting H.R. 5428 would increase direct spending by \$17 million over the 2003-2007 period and by \$3 million each year after 2007. Components of this total cost are described below.

Spending of Recreation Fees. Section 217 would permanently authorize the Corps to retain and spend annual recreation fees collected in excess of \$34 million a year. The Corps' authority to retain and spend those fees expired at the end of fiscal year 2002. CBO estimates that this extension would cost about \$3 million a year.

Rathbun Lake Project. Section 540 would authorize the Secretary to convey a certain portion of the water supply storage capacity of Rathbun Lake to the Rathbun Regional Water Association. In exchange, the Water Association would fund, construct, operate, and maintain a regional visitor center complex on federal land at Rathbun Lake. CBO estimates that enacting this section would cost about \$2 million in 2003 because the Corps would forgo receipts that the Rathbun Regional Water Association would have otherwise paid for the unallocated water supply storage.

Waurika Lake Project. Section 562 would eliminate the obligation of the Waurika Project Master Conservancy District in Oklahoma to pay its outstanding debt related to the construction of a water conveyance project. Due to an accounting error, the Corps inadvertently undercharged the district for costs associated with a land purchase related to the water project in the early 1980s. Under the terms of the construction contract, the district is required to pay all costs associated with building the project, including the full cost of the land purchases. CBO estimates that enacting this section would cost less than \$200,000 a year over the 2003-2027 period.

Annual Passes for Recreation- Raystown Lake, Pennsylvania. Section 201 would extend the pilot project that allows the Corps to charge lower fees at its Raystown Lake recreation facility in Pennsylvania by one year. CBO estimates that extending the program until December 31, 2004, would cost less than \$100,000 over the next two years.

Funding to Process Permits. Section 204 would extend the Corps' current authority for two more years to accept and spend funds contributed by private firms to expedite the evaluation of permit applications submitted to the Corps. CBO estimates that the Corps would accept and spend less than \$500,000 during each year of this extension and that the net budgetary impact of this provision would be negligible.

Elizabeth River Project. Section 376 would eliminate the obligation of the city of Chesapeake, Virginia, to pay its outstanding debt to the federal government related to the

construction of a navigation channel. Section 358 of the Water Resources Development Act of 1999 waived the city's obligation to repay its share of the cost of construction of the channel that remained unpaid as of September 30, 1999. That act, however, did not eliminate the city's responsibility to pay those amounts in arrears prior to September 30, 1999. CBO estimates that the cost of this additional debt forgiveness would be less than \$500,000 in 2003.

Various Land Conveyances. H.R. 5428 would authorize the Corps to convey certain lands in Kansas, Oklahoma, and Oregon. The bill would authorize the Corps to convey 7.4 acres to Geary County, Kansas, for the construction, operation, and maintenance of a fire station and 265 acres at Eufaula Lake in Oklahoma to the Choctaw Nation. In addition, section 566 would authorize the Corps and the U.S. Forest Service to convey approximately three acres of land and buildings in Lowell, Oregon, to the Lowell School District. CBO estimates that those conveyances would have no significant impact on the federal budget.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5428 contains no intergovernmental or private-sector mandates as defined in UMRA. Federal participation in water resources projects and programs authorized by this bill would benefit state, local, and tribal governments. Governments that choose to participate in those projects would incur costs to comply with the conditions of the federal assistance, including cost-sharing requirements, but such costs would be voluntary. In addition, some state and local governments participating in ongoing water resources projects would benefit from provisions in the bill that would alter existing cost-sharing obligations. Many of those provisions would make it easier for nonfederal participants to meet their obligations by giving them credit for expenses they have already incurred or by expanding the types of expenditures counted as part of the nonfederal share.

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